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October 6, 2014

Dr. Terry Fulp, Regional Director
Bureau of Reclamation
Lower Colorado Regional Office
Attention LC00-4200
P.O. Box 61470
Boulder City, NV 89006-1470

Dear Terry:

Subject: IID Estimates of Diversion – Colorado River 2015

This letter responds to the Bureau of Reclamation's request to the Imperial Irrigation District for an estimate of IID's 2015 expected water use. This estimate constitutes IID's water order for 2015 and utilizes the *Accounting Methodology for IID Canal Losses Key Terms of Agreement* dated October 3, 2007 between IID and Reclamation. Should there be any changes to this methodology, it may or may not require further revision to the 2015 water order.

This water order should be considered by Reclamation in the context of the signed Quantification Settlement Agreement and the reservation of legal positions contained in the dismissal of IID v. USA, et al. As historically recognized by Reclamation and the position of many other Colorado River contractors, water orders submitted in advance of the water year are merely estimates of anticipated water use that may need adjustment based on a variety of variables that impact water use during the course of a year. No Colorado River contractor can predict exactly what it will need the following year; it can only make an educated guess. Thus, water orders may require subsequent revision and should not be perceived as a volume limitation on the annual exercise of the water right. Similarly, the exact volume and proposed uses of conserved water cannot be determined or accurately predicted in advance of any water conservation program's startup and final contracting. The final calculation of actual conserved water yields are dependent on year-end crop water use, rainfall, and delivery records that are not available prior to the conclusion of the current calendar year. Contracting parameters and conserved water requirements for 2015 are also dependent on Reclamation's or third-party measurement, reporting, and calculation of IID's diversions, return flow credits, and consumptive uses for the current and previous water years. The accuracy and timeliness of these final measurement and Decree Accounting records are a significant factor in IID's estimates, such that they may require subsequent revision and should not be considered a volume limitation for purposes of IID's annual consumptive use or diversion calculation.

Also significant, for purposes of the 2015 estimate, there is some degree of uncertainty surrounding the QSA and implementation of the various agreements, transfers and environmental mitigation programs related to the QSA, although likely less than that expressed in previous IID water orders. In 2010, the Superior Court for the County of Sacramento entered a judgment that invalidated the QSA, the related water transfer agreements between IID and SDCWA, CVWD, and MWD, and invalidated the QSA JPA Agreement related to funding for QSA environmental mitigation. IID and others appealed the judgment and obtained a stay of that judgment. In late 2011 the Third District Court of Appeal reversed the judgment of invalidity, and remanded the case back to the Superior Court for trial of all remaining issues. The QSA cases were tried in Superior Court in November 2012 and a ruling validating the QSA and the related water transfer agreements between IID and SDCWA, CVWD, and MWD was issued in July of 2013. That trial court ruling is currently being appealed.

Additionally, the U. S. District Court ruled in favor of the QSA in a case in San Diego brought by the county of Imperial and its air district against the United States and QSA signatories. This case challenged the QSA's compliance with NEPA and the Clean Air Act prior to the Secretary's approval and execution of the CRWDA, and sought to set aside that agreement. The county and air district appealed the U.S. District Court Ruling, and on August 1, 2014 the Ninth Circuit issued a final order and amended opinion affirming the district court's judgment which held that the federal government did comply with NEPA and the Clean Air Act in approving the CRWDA. The County and Air District have 90 days to seek review by the United States Supreme Court.

Thus, for IID water conservation projects and mitigation water creation programs that rely on contracts with farmers, which generally utilize a July 1 to June 30 contract year consistent with most farm plans and leases, 2015 again poses some contracting difficulty and risk to IID for pending and new contracts involving calendar years 2015 and beyond. While the QSA-related uncertainty caused by the litigation is not nearly as significant as in prior years, some concerns do still exist. In particular, IID is increasingly concerned about the lack of progress on Salton Sea restoration commitments from the state of California as the end of the 15-year mitigation water requirement winds down in 2017. This uncertainty puts in peril the long-term viability of the QSA. IID has developed a Salton Sea Restoration and Renewable Energy Initiative that could provide the impetus to implement a smaller but sustainable Salton Sea restoration project to address these concerns, and it is hopeful that Reclamation will become an advocate for this or similar efforts that support the QSA.

Thus, IID submits this water order without limiting IID's 2015 water rights. However, IID acknowledges that the QSA itself, assuming its continued viability, provides an annual volume limitation. Pursuant to that agreement, IID quantified its Priority 3 consumptive use at a maximum of 3.1 million acre-feet per year during the term of the QSA. IID anticipates (but does not limit itself except by the terms of the QSA) a consumptive use need of 2,609,891 to 2,634,891 acre-feet for 2015. This range of estimates is intended to address the consumptive use needs for IID in 2015 assuming a bookend of circumstances regarding the level of contracting for upcoming fallowing and

conservation programs identified in IID's proposed Intentionally Created Surplus Plan and its commitments regarding the 2010 early mitigation water delivery to the Salton Sea. Pursuant to the QSA, and assuming implementation of the QSA as agreed to by all other parties without material changes or failure, IID's estimated water order for 2015 is as follows:

IID 2015 Estimated Consumptive Use¹ Table in Acre-Feet (October 6, 2014)	
Priority 3 Cap	3,100,000
Miscellaneous PPR's	(11,500)
1988 IID/MWD Conservation & Transfer ²	(105,000)
IID/SDCWA Conservation & Transfer	(100,000)
Salton Sea Mitigation Delivery Requirement ³	(121,636)
AAC Lining Project Conservation & Transfer	(67,700)
IID/CVWD Conservation & Transfer	(36,000)
Estimate of Additional Conserved Water ^{3,4,5,6,7}	(23,273-48,273)
Total IID 2015 Consumptive Use¹ Estimate Range⁸	2,609,891-2,634,891

IID 2015 Estimated River Consumptive Use¹ Table in Acre-Feet	
Total IID 2015 Consumptive Use¹ Estimate Range⁸	2,609,891-2,634,891
2015 Estimated Consumptive Use ¹ met by LCWSP ⁹	(7,410)
Total IID 2015 Consumptive Use¹ Estimate Range⁸ at River⁹	2,602,481-2,627,481

¹ Consumptive uses include uses for agricultural, municipal, industrial, environmental, environmental mitigation and storage purposes.

² In 2007 (by agreement between IID and MWD), the annual conservation yield of the 1988 IID/MWD Conservation & Transfer Agreement was fixed at 105,000 AF. The conservation yield attributable to the Project 18 (Tailwater Return Systems) component of the IID/MWD Agreement is 3,500 AF provided it is at full operation. However this yield can be reduced to the amount conserved if the project is at less than full operation. This reduction (1,060 AF to 2,440 AF) occurred in 2011 and 2012 (860 AF to 2,640 AF), and may occur in 2015 unless current circumstances or conditions change.

³ In 2010 IID delivered 46,546 AF of early mitigation water to the Salton Sea to meet future mitigation requirements in 2011 – 2012. Pending board authorizations in the 2015 – 2016 following programs, in 2012 IID committed to offset this early delivery by following for an additional 69,818 AF in 2015 – 2016, of which 23,272 AF would be delivered to the Salton Sea for mitigation purposes and the balance of 46,546 AF left in Lake Mead. For planning purposes IID anticipates prorating the following and delivery of this conservation equally over this two year period, but actual conservation and delivery may vary slightly according to actual circumstances.

⁴ Additional conserved water uses include Intentionally Created Surplus (ICS), inadvertent overrun payback (IOP), early IOP payback on behalf of another Colorado River contractor, groundwater storage, groundwater recharge, storage in the Salton Sea, delivery of ICS to meet water transfer obligations, and/or other allowed uses of conserved water.

⁵ The true up of all 2014 and 2015 following and main canal seepage interception program yields after year-end may require an adjustment to this volume.

⁶ Final contracting of IID's 2014-2015, 2015, and 2015-2016 following programs and a true-up of all 2014 IID following and other conservation program yields at year-end will require an adjustment to this volume.

⁷ Pursuant to Section 3.B.9 of the Interim Guidelines for the Operation of Lake Powell and Lake Mead, IID's estimated volume of ICS water may decrease in 2015 with the appropriate notifications. IID has proposed creating up to 25,000 AF of ICS in 2015.

⁸ This range of estimates is intended to address the consumptive use needs for IID in 2015 assuming a bookend of circumstances regarding the level of contracting for upcoming following and conservation programs identified in IID's proposed Intentionally Created Surplus plan and commitments to resolve the 2010 Salton Sea early mitigation delivery issue.

⁹ 2015 order not yet received from LCWSP contractors. IID estimates that it will be requested to maximize this project's yield, which is currently estimated to be 7,410 acre-feet in 2015. Actual pumped volumes and projections should be updated by Reclamation throughout 2015.

This 2,602,481 to 2,627,481 acre-feet of consumptive use at Imperial Dam (net of return flows) will require a larger volume diversion from the Colorado River in 2015. Any changes to the actual 2015 LCWSP pumping will, of necessity, result in changes to IID's actual Colorado River diversion and the associated return flow credit estimate, while the use of any in-lieu flows from the Warren H. Brock Reservoir in 2015 will require reductions to IID's actual Colorado River diversions and consumptive use accounting volumes at Imperial Dam. This annual water order estimate is based upon average conditions for rainfall, salinity and likely 2015 cropping patterns, including multiple cropped acreage and normal economic conditions in crop markets. Actual diversions in 2015 will, of necessity, reflect changed circumstances as they evolve including the final contracting of any 2015 fallowing programs, the truing-up of all IID fallowing and other conservation program yields at year-end, and the eventual developments in the QSA litigation.

Finally, attached to this water order is a monthly breakdown of IID's estimated 2015 water order intended for use by Reclamation's operational staff. These consumptive use estimates are prorated using a historical use monthly proration methodology and are subject to change based on actual water demands and conditions in 2015. Questions regarding operational data should be referred to IID's watermaster, Merlon Kidwell, at (760) 339-9074 or mlkidwell@iid.com.

If you have any questions regarding these issues, please contact, IID's Colorado River Resources Manager, Tina Shields, at (760) 339-9038 or tshields@iid.com.

Sincerely,



Kevin E. Kelley
General Manager

Enclosure

cc: IID Interim Water Manager
Merlon Kidwell, Watermaster
Tina Shields, IID
Autumn Plourd, IID
Paul Matuska, USBR
Tanya Trujillo, CRB

**IID 2015 Estimated Monthly Consumptive Use Table
(October 6, 2014)**

	Historical Proration	Estimated Consumptive Use Range (acre-feet)	
January	5.04%	131,522	132,782
February	5.52%	144,118	145,499
March	9.97%	260,214	262,706
April	11.87%	309,822	312,790
May	11.67%	304,660	307,578
June	10.72%	279,665	282,344
July	10.46%	273,000	275,615
August	8.61%	224,696	226,848
September	7.29%	190,384	192,208
October	8.71%	227,376	229,554
November	5.49%	143,305	144,678
December	4.64%	121,130	122,290
2015 Total	100.00%	2,609,891	2,634,891

**IID 2015 Estimated Monthly Salton Sea Delivery Range Table
(October 6, 2014)**

	Estimated Salton Sea Mitigation Delivery Range (acre-feet)
January	9,400
February	9,400
March	9,400
April	7,700
May	4,400
June	7,700
July	8,800
August	8,800
September	15,400
October	15,400
November	15,400
December	9,836
2015 Total	121,636